

AMENDED IN ASSEMBLY JULY 8, 2015

AMENDED IN ASSEMBLY JULY 1, 2015

AMENDED IN SENATE APRIL 21, 2015

SENATE BILL

No. 465

Introduced by Senator Hill

February 25, 2015

An act to amend Section 7124.6 of, and to add Sections 7071.18 and 7071.20 to, the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

SB 465, as amended, Hill. Contractors: discipline.

Existing law, the Contractors' State License Law, provides for the licensure and regulation of contractors by the Contractors' State License Board. Existing law requires the board, with the approval of the Director of Consumer Affairs, to appoint a registrar of contractors to serve as the executive officer and secretary of the board.

This bill would require a licensee to report to the registrar within 90 days of the date that the licensee has knowledge of the conviction of the licensee of any felony or any other crime substantially related to the qualifications, functions, and duties of a licensed contractor, or any civil action settlement or administrative action resulting in a settlement worth \$50,000 or more, or a binding arbitration or administrative action resulting in binding arbitration worth \$25,000 or more, resulting from specified acts. Failure to comply with this requirement would be grounds for disciplinary action. The bill would also require any insurer providing professional liability insurance to a licensee or a state or local government agency that self-insures that licensee to, within 30 days of

payment of all or any portion of a civil action settlement or binding arbitration award against the licensee, report to the registrar the name of the licensee, the amount of value of the settlement or binding arbitration award, the amount paid, and the identity of the payee. The bill would make these provisions operative if the Legislature appropriates moneys from the Contractors' License Fund for these purposes and grants sufficient hiring authority to the board.

Existing law requires the registrar of contractors to make available to the public the date, nature, and status of complaints against a licensee that have been referred for investigation regarding allegations that if proven would present a risk of harm to the public.

The bill would require the registrar to make available to the public all civil action settlements, binding arbitration awards, and administrative actions reported to it pursuant to these provisions ~~that~~ *provision.*

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 7071.18 is added to the Business and
- 2 Professions Code, to read:
- 3 7071.18. (a) Notwithstanding any other law, a licensee shall
- 4 report to the registrar in writing the occurrence of any of the
- 5 following within 90 days after the licensee obtains knowledge of
- 6 the event:
- 7 (1) The conviction of the licensee for any felony.
- 8 (2) The conviction of the licensee for any other crime that is
- 9 substantially related to the qualifications, functions, and duties of
- 10 a licensed contractor.
- 11 (3) Any civil action settlement or administrative action resulting
- 12 in a settlement against the licensee in any action involving fraud,
- 13 deceit, misrepresentation, breach or violation of contract,
- 14 negligence, incompetence, or recklessness by the licensee in the
- 15 practice of contracting, if the amount or value of the settlement is
- 16 fifty thousand dollars (\$50,000) or greater.
- 17 (4) A binding arbitration award or administrative action resulting
- 18 in a binding arbitration award against the licensee in any action
- 19 involving fraud, deceit, misrepresentation, breach or violation of
- 20 contract, negligence, incompetence, or recklessness by the licensee

1 in the practice of contracting, if the amount or value of the
2 settlement is twenty-five thousand dollars (\$25,000) or greater.

3 (b) Failure of a licensee to report to the registrar pursuant to
4 subdivision (a) shall be grounds for disciplinary action.

5 (c) For the purposes of this section, “conviction” means a plea
6 or verdict of guilty in a criminal proceeding, or a conviction
7 following a plea of nolo contendere.

8 (d) This section shall become operative only if the Legislature
9 appropriates moneys from the Contractors’ License Fund for the
10 purposes of this section and grants sufficient hiring authority to
11 the board.

12 SEC. 2. Section 7071.20 is added to the Business and
13 Professions Code, to read:

14 7071.20. (a) Within 30 days of payment of all or any portion
15 of a civil action settlement or arbitration award against a licensee,
16 as described in Section 7017.18, the insurer providing professional
17 liability insurance to the licensee shall report to the registrar the
18 name of the licensee, the amount of value of the settlement or
19 binding arbitration award, the amount paid, and the identity of the
20 payee.

21 (b) Within 30 days of payment of all or any portion of a civil
22 action settlement or arbitration award against a licensee, as
23 described in Section 7017.18, a state or local government agency
24 that self-insures shall report to the registrar the name of the
25 licensee, the amount of value of the settlement or binding
26 arbitration award, the amount paid, and the identity of the payee.

27 (c) This section shall become operative only if the Legislature
28 appropriates moneys from the Contractors’ License Fund for the
29 purposes of this section and grants sufficient hiring authority to
30 the board.

31 SEC. 3. Section 7124.6 of the Business and Professions Code
32 is amended to read:

33 7124.6. (a) The registrar shall make available to members of
34 the public the date, nature, and status of all complaints on file
35 against a licensee that do either of the following:

36 (1) Have been referred for accusation.

37 (2) Have been referred for investigation after a determination
38 by board enforcement staff that a probable violation has occurred,
39 and have been reviewed by a supervisor, and regard allegations
40 that if proven would present a risk of harm to the public and would

1 be appropriate for suspension or revocation of the contractor's
2 license or criminal prosecution.

3 (b) The board shall create a disclaimer that shall accompany
4 the disclosure of a complaint that shall state that the complaint is
5 an allegation. The disclaimer may also contain any other
6 information the board determines would be relevant to a person
7 evaluating the complaint.

8 (c) A complaint resolved in favor of the contractor shall not be
9 subject to disclosure.

10 (d) Except as described in subdivision (e), the registrar shall
11 make available to members of the public the date, nature, and
12 disposition of all legal actions.

13 (e) Disclosure of legal actions shall be limited as follows:

14 (1) Citations shall be disclosed from the date of issuance and
15 for five years after the date of compliance if no additional
16 disciplinary actions have been filed against the licensee during the
17 five-year period. If additional disciplinary actions were filed against
18 the licensee during the five-year period, all disciplinary actions
19 shall be disclosed for as long as the most recent disciplinary action
20 is subject to disclosure under this section. At the end of the
21 specified time period, those citations shall no longer be disclosed.

22 (2) Accusations that result in suspension, stayed suspension, or
23 stayed revocation of the contractor's license shall be disclosed
24 from the date the accusation is filed and for seven years after the
25 accusation has been settled, including the terms and conditions of
26 probation if no additional disciplinary actions have been filed
27 against the licensee during the seven-year period. If additional
28 disciplinary actions were filed against the licensee during the
29 seven-year period, all disciplinary actions shall be posted for as
30 long as the most recent disciplinary action is subject to disclosure
31 under this section. At the end of the specified time period, those
32 accusations shall no longer be disclosed.

33 (3) All revocations that are not stayed shall be disclosed
34 indefinitely from the effective date of the revocation.

35 (f) The registrar shall make available to the public all civil action
36 settlements, binding arbitration awards, and administrative actions
37 ~~reported to it pursuant to Section 7071.18.~~ *pursuant to paragraph*
38 *(2) of subdivision (a).*

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